



## Hidden Value: A Billionaire-Loved Stock With Explosive Long-Term Upside

### Description

Sometimes all a stock needs is a bit of a push to get the ball rolling again. Activist investors often step in and shake things up on the board, with drastic changes that'll unlock the hidden value behind a company that isn't living up to its full potential.

**Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) is an outstanding company that's not been all it can be over the past few years. For those unfamiliar with the name, it's the umbrella company behind the legendary fast-food brands Burger King, Tim Hortons, and, most recently, Popeyes Louisiana Kitchen. All three brands are impeccable, and the global growth potential behind each chain makes me [lick my chops](#) at the expansion possibilities.

Indeed, Restaurant Brands is a unique growth story with the ability to sustain growth for many decades. The potential behind all brands is actually quite unfathomable for many investors, and for those lacking the extremely long-term mindset, Restaurant Brands is seen as a "meh" fast-food stock with sub-par operations.

You see, either Tim Hortons or Burger King have been doing the heavy lifting for a given quarter. If Tim's is a drag, Burger King picks up the slack, and vice-versa. Moreover, it appears that 3G Capital's cost-cutting initiatives have cut too deep with Tim Hortons, not just with the compensation of franchisees, but with new menu items that have been a turn-off for customers.

Consider two of Tim Horton's latest product innovations: Timmie's Minis and chicken strips, both of which aren't living up to their potential.

Timmie's Minis has tremendous potential, but management clearly failed to see that the product would be a one-time purchase with only one "toy" offering in its activity book. As a kid, the toy is what catches your attention, and if they've already got the activity book there's no sense in having more of the same.

With that in mind, Tim's needs more selection when it comes to the toy if it expects Timmie's Minis to be a hit. An activity book should be one of many options at a given point in time. While there are multiple selections for food included in the kid's pack, the lack of toy selection, I believe, is a significant dampener on its initial launch.

What about those chicken strips?

Customers have been outraged over the nugget-like size of the chicken strips that are nothing like what's featured in televised ads. Many disgruntled customers have expressed their distaste through social media, noting they felt "ripped off" with the five-piece chicken strip deal which was severely overpriced with each chicken strip costing an average of \$2.

I've had the opportunity to try Tim's chicken strips, and I must say it's hard to believe that it's the same company behind Burger King's \$0.99-for-eight-nuggets deal. For \$10, I think I got less chicken than what I could have gotten at the Burger King down the street.

There's no question that Tim Hortons has issues with pricing and menu innovation over the last quarter. Fortunately, I believe these are easily fixable issues, but Tim Hortons president Alex Macedo needs to learn from the face-palm-worthy mistakes before an activist like Bill Ackman shows him to the door in an effort to unlock the true value behind one of Restaurant Brands's most prized chains.

Meanwhile, over at Burger King, comps have struggled due to a lack of renovations, as my colleague Will Ashworth pointed out in his prior piece. Like recent menu item pricing issues at Tim Hortons, I believe the problem is fixable if management is given a nudge by billionaire investor Bill Ackman — a major shareholder and man who's a king at unlocking value as exhibited by many of his prior endeavours.

I don't know about you, but I think it's time that Ackman got a bit more active with his Restaurant Brands stake. If he does, I suspect he'll help the company unlock its hidden value, allowing the firm to live up to its [full potential](#).

Go get 'em, Bill!

Stay hungry. Stay Foolish.

## CATEGORY

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